



**Condition Number: 13****Condition Name: Offering of UNEs****Section 1: Summary**

This Condition requires Verizon to continue to make available the UNEs and UNE combinations required in the FCC's UNE Remand and line sharing orders until the date of a final and non-appealable judicial decision providing that the UNE or UNE combination does not have to be provided.

This merger Condition is not operative because none of the FCC's rules in the UNE remand and line sharing orders has been vacated or stayed. Verizon continued to make available the UNEs and UNE combinations required in the FCC's UNE and line sharing orders.

**Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Kathleen Hishinuma	Senior Vice President – Wholesale Marketing

**Section 3: Implementation of Condition****3.1 Compliance**

There were no new implementation requirements given the continuing effectiveness of the FCC's UNE and line sharing orders and Verizon's compliance with those orders. This Condition will become null and void after the effective date of a final and non-appealable judicial decision in the UNE Remand and Line Sharing proceedings.

**3.2 Documentation**

Verizon's compliance with the UNE/line sharing rules is documented in Condition 8.

**Section 4: Additional Action Taken:**

None



**Condition Number: 14****Condition Name: Alternative Dispute Resolution through Mediation****Section 1: Summary**

Condition 14 requires Verizon to implement, subject to state commission approval, a voluntary alternative dispute resolution ("ADR") mediation process to resolve carrier-to-carrier disputes regarding the provision of local services, including disputes related to interconnection agreements. This process is to be available within the former Bell Atlantic and GTE serving areas.

Commitments in 2000 for this Condition were met as specified below.

**Section 2: Responsible Executives**

<b>Name</b>	<b>Title</b>
Virginia Ruesterholz	Senior Vice President – Wholesale Services
Geoff Gould	Senior Vice President – State Government Relations

**Section 3: Implementation of Condition****3.1 Compliance**

Prior to July 17, 2000, Verizon sent letters to all the U.S. State commissions, notifying the commissions of Verizon's responsibilities under Condition 14 of the Merger Order. Verizon also notified CLECs via letter, email and web postings, of the offer to provide ADR through mediation as outlined in Attachment F of the Merger Order. In addition, on July 19, 2000, Verizon sent a letter to the Northern Marianas Islands jurisdiction notifying it of Verizon's responsibilities. There are currently no CLECs doing business with Verizon in this commonwealth.

Verizon Wholesale Services implemented a process to provide compliance with the Condition. Upon the receipt of a written request for ADR mediation, Verizon logs the ADR mediation request into the Issues Library for communication, tracking, monitoring and reporting. As of December 31, 2000, Verizon has received no formal ADR mediation requests. Those requests that have complied with any applicable interconnection agreement and those which have no applicable terms are immediately assigned an Issues Manager. The Issues Manager is responsible for notifying the pertinent internal Verizon parties and facilitating the mediation process so that the ADR mediation meets the requirements in Attachment F of the Merger Order, including the time-sensitive documentation of agreement.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
14	40	Notified state commissions, via letter, of Verizon's implementation of the alternative dispute resolution as outlined in Attachment F of the Merger Order.	7/17/00	7/17/00
14	40	Offered to CLECs, via letter and e-mail, the alternative dispute resolution as outlined in Attachment F of the Merger Order.	7/17/00	7/17/00
14	40	Offered, via the Companies websites, the alternative dispute resolution as outlined in Attachment F of the Merger Order.	7/17/00	7/13/00 former BA 7/17/00 former GTE
14	40	Implemented procedures for accepting, processing and resolving requests for alternative dispute resolution as outlined in Attachment F of the Merger Order.	7/17/00	7/17/00 and on-going

### 3.2 Methods and Procedures

Attachment F of the Merger Order is utilized as a method and procedure so that the requirements outlined are strictly adhered to. In addition, a process flow has been developed and additional procedures for Issue Managers on how to utilize the Issues Library have been developed and implemented.

**Methods and Procedures Table**

Condition	Paragraph	Procedures	Date Completed
14	40	Attachment F of the Merger Order	N/A
14	40	Alternative Dispute Resolution Mediation Process Flow	7/17/00 revised on 9/28/00

### 3.3 Training

General Merger Condition training was provided to impacted Wholesale Segment employees. In addition, the Wholesale Services organization provided training on the ADR through mediation process to all impacted employees. This included communication to the State Regulatory Advocates, Issue Managers and Wholesale Services.

### 3.4 Internal Controls

In addition to the corporate internal control environment described in the Introduction section of this Report, the following additional controls and tools have been designed and implemented specifically to assess compliance with this Condition.

- Responsible Executives and appropriate functional staff have been educated on the requirements.
- Responsible Executives have established a functional Compliance organization to effectively project manage all plan objectives and requirements.
- An Issues Library has been developed and resides on the corporate Intranet. This library allows for communicating, tracking, and monitoring of the requests for ADR through mediation.

### 3.5 Documentation

Condition	Paragraph	Description of Document
14	40 & Attach F.	ADR mediation process
14	40	Letters to State Commissions offering a specific alternative dispute resolution ("ADR") mediation process
14	40	Notice of the offer for ADR to CLECs

### Section 4: Additional Action Taken:

None



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**Condition Number: 15****Condition Name: Access to Cabling in Multi-Unit Properties****Section 1: Summary**

Condition 15 specifies requirements for Verizon's installation of cables for CLEC access to new cabling within a multi-tenant building or campus, including provisions relating to single point of interconnection (SPOI) at minimum point of entry (MPOE), and notice to property owners of their options and potential obligations under this provision.

Condition 15 also requires Verizon, subject to any required state approvals, to offer to conduct a trial with one or more interested, unaffiliated CLECs within the Verizon Service Area to identify the procedures and associated costs required to provide CLECs with access to cabling within Multi-Dwelling Unit premises and multi-tenant premises housing small businesses where Verizon controls the cables. Further, the condition requires that, taking into account the results of the trial, Verizon will develop tariffs and/or interconnection agreements to cabling controlled by Verizon in Multi-Dwelling Units and multi-tenant units.

Commitments for this Condition required in 2000 were met as specified below. As described in Section 4: Additional Action Items, Verizon issued revised Methods and Procedures during 2000 to clarify when written notice is required and to provide that, in any state, in any instance in which Verizon installs new cable in a new or retrofitted campus environment, Verizon will notify the campus owner that the owner may elect to have Verizon install cable in a manner that will permit a telecommunications carrier a SPOI at the MPOE for the entire campus, even though not required by the Condition.

**Section 2: Responsible Executive**

Name	Title
Barry Paulson	Senior Vice President – Engineering and Planning

**Section 3: Implementation of Condition****3.1 Compliance**

Where appropriate and consistent with state law and regulation, Verizon offered owners and developers of multi-tenant properties, in writing, the option to install a single point of interconnection at a minimum point of entry when the property owner or other party owns or maintains the cabling beyond the single point of interconnection.

Prior to merger close and during the entire audit period, in the following jurisdictions, pursuant to tariff and/or law and/or in accordance with Verizon nondiscriminatory practice, this form of cabling installation was done routinely without the need for property owner approval, and, therefore, no written notice of option needed to be provided to building owners: AL, CA, DC, DE, ID, IL, IN, KY, MD, MI, MO, NC, NV, OH,



OR, PA, SC, TX, VA, VT, WA, WI and WV. In addition, in the jurisdictions of CT, MA and NY, Verizon has an effective House & Riser tariff that requires a single point of interconnection at the point that House & Riser cabling in the building begins. Thus, in these three jurisdictions, this form of cabling installation is already done routinely without the need for property owner approval or consent, and, therefore, no written notice of option need be provided to building owners.

Methods and procedures were communicated requiring that written notification be provided to building owners and developers in those situations not excluded above, i.e., in FL, HI, ME, NH, NJ and RI, starting with cabling installation jobs where engineering work began after merger closing date, i.e., beginning July 1, 2000.

As of merger closing date, Bell Atlantic had already developed tariffs and interconnection agreements that provided CLECs with access to or interconnection with House and Riser cabling controlled by Bell Atlantic in Multi-Dwelling Units and multi-tenant units. Model interconnection agreements were made available to carriers on August 29, 2000, to make these provisions available to carriers in all Verizon States. In response to CLEC requests that Verizon modify its procedures for implementing these tariff and interconnection arrangements, Verizon conducted a trial to determine the feasibility of permitting CLECs to perform their own cross-connect work when accessing or interconnecting to Verizon House and Riser cabling. This trial, conducted with RCN in New York under the direction of the New York Public Service Commission, began on January 17, 2000, and was extended into 2001 by the New York Public Service Commission. On January 19, 2001, Verizon provided the NY PSC Verizon's evaluation of the results of the trial, and recommendations regarding possible extension of the trial.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
15	41	Offered to conduct a cabling access trial with an unaffiliated carrier.	7/17/00	begun prior to merger closing date and ongoing
15	42	Installed new cables in a manner to provide telecom carriers a single point of interconnection, where Verizon had the right to do so without consent of another party.	7/17/00	06/28/00 BA 07/06/00 GTE on-going
15	42	Offered to install new cables in a manner to provide telecom carriers a single point of interconnection, where Verizon needed the consent of another party prior to installation.	7/17/00	06/28/00 BA 07/06/00 GTE on-going

Condition	Paragraph	Milestone	Due Date	Date Completed
15	42.a, 42.c	Provided written notice for property owners that Verizon will install and provide new cables that permit SPOI in states not already at MPOE prior to MCD.	7/17/00	06/28/00 BA 07/06/00 GTE on-going

### 3.2 Methods and Procedures

Verizon's internal procedures for engineering and construction to provide access to cabling in multi-unit properties were revised to reflect the requirements of this Condition. These written procedures were documented and distributed to outside plant engineering and construction personnel in the former Bell Atlantic on June 28, 2000, and in the former GTE on July 6, 2000. Clarification of these procedures was provided on December 11-13, 2000.

Verizon and RCN (the CLEC in the trial) established a Trial Agreement that contained methods and procedures (M&Ps) specific to the trial. That agreement contains M&Ps specifying:

- the buildings to which the trial applies;
- definitions of pairs considered available and to which the trial applies;
- procedures to be used by RCN technicians when performing cross-connections on Verizon-owned House and Riser cabling;
- requirements that RCN submit service orders in a specific manner to allow Verizon to properly reflect transfers, including timely initiation of billing for RCN's use of Verizon H&R cabling;
- procedures for RCN technicians during installations, including compliance with industry standards and tagging of pairs;
- procedures for referring any maintenance problems;
- the ability of Verizon to inspect RCN equipment and workmanship;
- measurements by which the trial will be evaluated; and
- monthly meetings between the parties to address issues and evaluate the trial.

**Methods and Procedures Table**

Condition	Paragraph	Procedure	Date Completed
15	41	Trial Agreement containing Methods and Procedures (signed by both parties to trial)	1/17/00
15	42	Multi-Point Access Policy (covering former Bell Atlantic properties)	6/28/00
15	42	Minimum Point of Entry Policy (covering former GTE properties)	7/6/00

Condition	Paragraph	Procedure	Date Completed
15	42	Minimum Point of Entry / Demarcation Point (DP) Policy (Bulletin No. 014-2000, Issue 2.0, released (covering former GTE properties)	7/22/00
15	42	Flash Bulletin regarding Minimum Point of Entry Bulletin / Demarcation Point Policy (Bulletin No. 014-2000) (covering former GTE properties, describing clarification in Issue 3.0 to be released)	12/11/00
15	42	Outside Plant Network Services Staff Letter "Verizon Rate Demarcation Point (RPD) Policy Clarification" (Doc. # 2000-00507-OSP) (covering former Bell Atlantic properties)	12/12/00
15	42	Minimum Point of Entry / Demarcation Point (DP) Policy (Bulletin No. 014-2000, Issue 3.0) (clarification covering former GTE properties)	12/13/00

### 3.3 Training

Members of the Verizon Regulatory Compliance organization had numerous meetings and discussions with members of the Network Engineering staff organization responsible for fulfilling the requirements of Condition 15, in order to provide an understanding of the requirements contained in this Condition. (See chart below). In addition, the Network Engineering staff support organization conducted numerous conference calls and meetings with Directors in the state network engineering offices to provide training on the requirements of the Merger Condition.

**Training Table**

Condition	Target Audience	Training Content	Date
15	Network Engineering staff organization	Review of M&Ps regarding Condition 15 requirements	Various dates, including, but not limited to: 8/24/00 8/25/00 8/29/00 9/20/00 10/24/00 11/1/00 11/13/00 12/6/00

### 3.4 Internal Controls

In addition to the corporate internal control environment described in the Introduction section of this Report, the following additional controls and tools have been designed or are being designed specifically to assess compliance with this Condition.

- Responsible Executive and appropriate network engineering and support staffs have been educated on the requirements.

- The existing internal controls regarding engineering, approval, installation and quality checks of cabling in multi-unit properties apply to this Condition.
- Establishment of an ongoing attestation process requiring Engineering Directors to attest that their staffs have read and understand the requirements of the Verizon Methods and Procedures relevant to this Condition.
- Periodic Regulatory Compliance review of relevant state laws, regulations, and tariffs and the impact of such on compliance with these requirements.
- Periodic reinforcement and clarification of Condition requirements provided by engineering staff to field engineering forces.

### 3.5 Documentation

Condition	Paragraph	Description of Document
15	41	Signed contract with RCN to conduct trial
15	42	Multi-Point Access Policy (covering former Bell Atlantic properties)
15	42	Minimum Point of Entry Policy (covering former GTE properties)
15	42	Minimum Point of Entry / Demarcation Point Policy (Bulletin No. 014-2000, Issue 2.0) (covering former GTE properties)
15	42	Flash Bulletin regarding Minimum Point of Entry Bulletin / Demarcation Point Policy (Bulletin No. 014-2000) (covering former GTE properties, describing clarification in Issue 3.0 to be released)
15	42	Outside Plant Network Services Staff Letter "Verizon Rate Demarcation Point (RPD) Policy Clarification (Doc. # 2000-00507-OSP)" (covering former Bell Atlantic properties)
15	42	Minimum Point of Entry / Demarcation Point Policy (Bulletin No. 014-2000, Issue 3.0) (clarification covering former GTE properties)

### Section 4: Additional Action Taken

Sufficient internal controls were in place to provide reasonable assurance that the requirements of this Merger Condition were satisfied.

During 2000, Verizon became aware of instances in which the written property owner notice required by its internal Methods and Procedures had not been provided. (In those instances where written notification had not been provided, Verizon continued to engineer and install cabling that provides a SPOI as required by this condition.) The failure to provide the written notification was due to a misunderstanding of Verizon's written Methods and Procedures. As a result, in December 2000, Verizon issued revised Methods and Procedures governing compliance with the Merger Condition.

These Methods and Procedures:

- further clarified where written notification was required;
- implemented an attestation process whereby network engineers are required to attest to their understanding of the Methods and Procedures and the Merger Condition; and
- resulted in additional training of the network engineers on these Methods and Procedures and the Merger Condition.

Also, in December 2000, while not required by the Merger Condition, Verizon amended its Methods and Procedures to provide that, in any State, in any instance in which Verizon installs new cable in a new or retrofitted campus environment, Verizon will notify the campus owner that the owner may elect to have Verizon install cable in a manner that will permit a telecommunications carrier a SPOI at the MPOE for the entire campus. This option may be selected instead of the Verizon standard of a SPOI at the MPOE of each building on the campus (or other Verizon standard in that State).



**Condition Number: 16****Condition Name: Out-of-Territory Competitive Entry****Section 1: Summary**

Condition 16 requires Verizon to “spend a total of at least \$500 million between the Merger Closing Date and the end of the 36<sup>th</sup> month” (after the MCD) “to provide services, including resale, that compete with traditional local telecommunications services offered by incumbent local exchange carriers or to provide Advanced Services to the mass market” outside of Verizon ILEC service areas (Out-of-Region). At least 50% of the \$500 million must be used on Facilities Expenditures. The remaining amount may be used on Customer Acquisition Expenditures. Alternatively, this Condition will be deemed satisfied if Verizon provides service “over at least 250,000 customer lines that are used to provide Competitive Local Service” Out-of-Region “between the Merger Closing Date and the end of the 36<sup>th</sup> month” (after the MCD).

Interim targets are established at twelve-month (\$100 million or 50,000 lines) and twenty four-month (\$300 million or 150,000 lines) intervals. Fully 20% of either the expenditure or the customer lines must be used to provide competitive local services to residential customers or to provide Advanced Services. In the event annual targets are not achieved, Verizon is obligated to pay 150% of the shortfall to the U.S. Treasury.

No commitments for this Condition were due in 2000.

**Section 2: Responsible Executive**

Name	Title
Fred D'Alessio	President – Advanced Services

**Section 3: Implementation of Condition**

No commitments for this Condition were due in 2000.

**Section 4: Additional Action Taken**

None





**Condition Number: 17**

**Condition Name: InterLATA Services Pricing**

### **Section 1: Summary**

Effective the first day after merger close, Verizon was required to provide to any in-region or out-of-region wireline residential interLATA service customer within the United States the option to select a pricing plan with no minimum monthly or flat rate charge. Verizon or any of its affiliates could offer customers an optional, voluntary interLATA pricing plan that includes a minimum monthly or flat rate charge or a pre-paid calling card. In former GTE states, this Condition will expire 36 months after merger close. In former Bell Atlantic states, this Condition will expire 36 months after 271 approval is obtained in that particular state.

Commitments for this Condition in 2000 were met as specified below. Based on test calls made by PricewaterhouseCoopers LLP, Verizon provided additional training to a sales channel as described in Section 4: Additional Action Taken.

### **Section 2: Responsible Executive**

<b>Name</b>	<b>Title</b>
Maura Breen	Group President – Long Distance

### **Section 3: Implementation of Condition**

#### **3.1 Compliance**

On or before July 1, 2000, Verizon's interLATA affiliates had approved tariffs on file with the FCC to provide a pricing plan with no minimum monthly or flat rate charge. As of July 1, 2000, Bell Atlantic Communications, Inc. (now d.b.a. Verizon Long Distance), GTE Communications Corporation (now Verizon Select Services, Inc.), GTE Pacifica (now Verizon Pacifica), and Puerto Rico Telephone Company, Inc. (d.b.a. PRT Larga Distancia) provided a pricing plan with no minimum monthly or flat rate charge.

**Compliance Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Date Completed</b>
17	49	Long Distance pricing plan in place with no minimum monthly charge.	7/1/00	7/1/00

#### **3.2 Methods and Procedures**

The existing methods and procedures for tariff change implementation and new pricing plan introduction were utilized to meet this commitment. Additional notices, bulletins, job aids and training material were developed, as required, so that service

representatives and agents remained aware of the Merger Condition and were accurately identifying a pricing plan with no minimum monthly or flat rate charge upon request.

Verizon's Product Managers responsible for residential interLATA pricing plans were informed of this requirement and periodically have been provided re-notification regarding the commitment.

**Methods and Procedures Table**

Condition	Paragraph	Procedure	Date Completed
17	49	Various communications to service representatives and agents	7/1/00 and on-going

### 3.3 Training

Customer service representatives (CSRs) received notification and training regarding the existence of an interLATA pricing plan without minimum monthly or flat rate charges. Periodic reminders were provided to CSRs to provide continued awareness of the requirements of the Merger Condition and the availability of the qualifying interLATA pricing plan through their sales channels.

**Training Table**

Condition	Target Audience	Training Content	Date Completed
17	Service representatives and sales agents	Verizon provides an interLATA pricing plan with no minimum monthly or flat rate charge upon request	6/00 and ongoing

### 3.4 Internal Controls

In addition to the corporate internal control environment described in the Introduction section of this Report, the following additional controls and tools have been implemented specifically to assess compliance with this Condition;

- Periodic notification provided to Product Managers responsible for residential InterLATA pricing plans regarding this commitment;
- Existing controls which surround the tariff filing and implementation process;
- Periodic reminder to tariff organization regarding this commitment;
- Periodic review of relevant tariffs; and
- Periodic test calls to appropriate customer contact channels to assess Verizon customer service representatives accurately respond to customer inquiries regarding plans with no minimum monthly or flat rate charge.

### 3.5 Documentation

Condition	Paragraph	Description of Document
17	49	Tariff for pricing plan with no minimum monthly or flat rate charge – Bell Atlantic Communications, Inc.
17	49	Tariff for pricing plan with no minimum monthly or flat rate charge – GTE Communications Corporation
17	49	Tariff for pricing plan with no minimum monthly or flat rate charge – GTE Pacifica.
17	49	Tariff for pricing plan with no minimum monthly or flat rate charge – PRTC
17	49	Evidence of periodic reminders provided to Product Managers responsible for residential interLATA service pricing plans and to service representatives and agents responsible for handling customer requests
17	49	Evidence of periodic review of relevant tariffs, with sign-off from Responsible Executive stating review was complete and compliance maintained

### Section 4: Additional Action Taken

In October 2000, PricewaterhouseCoopers LLP advised Verizon that it had conducted test calls in which CSRs were asked about the availability of pricing plans with no monthly minimum or flat rate charges. Based upon the test call results of PricewaterhouseCoopers LLP, Verizon launched a series of its own test calls while simultaneously providing additional training to CSRs in a channel where CSRs were not adequately communicating the availability of a plan without monthly minimum or flat rate charges. Testing and training continued for several weeks until the Company was reasonably assured that the channel was consistently communicating the availability of a plan without monthly minimum or flat rate charges.



**Condition Number: 18****Condition Name: Enhanced Lifeline Plans****Section 1: Summary**

Condition 18 required Verizon to offer by letter to the appropriate state commissions in the former Bell Atlantic and former GTE states, no later than 30 days after Merger Closing Date, to file a tariff for an Enhanced Lifeline plan in the Verizon service area within that state.

If the state commission indicated its acceptance of Verizon's offer within 12 months of the written offer, Verizon was further required to file a tariff to implement its offer within 60 days of such acceptance.

Consistent with applicable state law, the terms and conditions of the Enhanced Lifeline plan offered by Verizon were to be comparable to those of the Ohio Universal Service Assistance ("USA") Lifeline plan set forth in Ameritech Ohio's Alternative Regulation Plan, as in effect on January 27, 2000, in the areas of subscriber eligibility, discounts and eligible services.

Commitments for this Condition were met as specified below. Based on test calls made by PricewaterhouseCoopers LLP, Verizon provided additional training during 2001 as described in Section 4: Additional Action Taken.

**Section 2: Responsible Executive**

Name	Title
Jody Bilney	President – Consumer Group

**Section 3: Implementation of Condition****3.1 Compliance**

Verizon filed letters, within 30 days after Merger Closing Date, with thirty-two state commissions in the Verizon footprint, offering to file a tariff for an Enhanced Lifeline plan in the Verizon service area within that state. Copies of these letters were provided to the FCC.

On August 15, 2000, the Delaware Public Service Commission accepted Verizon's offer. Verizon filed a tariff with that commission on October 13, 2000. The Delaware PSC allowed the tariff to become effective, and the plan was implemented on December 12, 2000.

As of December 31, 2000, (i) no other state commission had accepted Verizon's offer to implement an Enhanced Lifeline Plan; (ii) the Idaho, Michigan and Pennsylvania

commissions had declined Verizon's offer; and (iii) the Texas and Illinois commissions had requested and were provided with a copy of the Delaware tariff for review.

**Compliance Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Date Completed</b>
18	50	Verizon filed letters in the former Bell Atlantic and GTE states offering the USA Lifeline plan for a period of 36 months following the effective date of the initial tariff implementing the service.	7/31/00	7/19/00
18	50	Copies of Verizon's written offers filed with the Secretary of the FCC.	Not specified	9/28/00
18	50	Filed USA Lifeline plan tariff with Delaware state commission.	10/13/00	10/13/00
18	50.a, 50.b	Revised internal practices and procedures for Delaware to appropriately handle past due accounts and deposit requirements in accordance with the Delaware USA Lifeline plan.	12/12/00	12/12/00
18	50.c, 50.d	Developed "self certification" forms to be used by Delaware USA Lifeline plan customers, and negotiated with appropriate state agencies to acquire on-line verification of participation in qualifying programs.	12/12/00	12/12/00
18	50.f, 50.h	For Delaware, established a toll-free number and a toll-free fax number for USA Lifeline plan customers, and added a Lifeline option to the interactive voice response unit (IVRU) menu to assist customers with specific information about the USA Lifeline plan.	12/12/00	12/12/00
18	50.i	Upgrade existing Delaware Lifeline customers to the USA Lifeline plan.	12/12/00	12/12/00

### 3.2 Methods and Procedures

A Verizon Delaware implementation core team was formed and reviewed commitments associated with the USA Lifeline plan in accordance with the Merger Conditions. The Delaware core team was comprised of representatives with responsibility for product management, information systems, consumer sales, billing, regulatory, credits and collection and legal. The Delaware core team developed a process to establish Methods and Procedures to carry out the various USA Lifeline plan commitments. This process resulted in documentation describing the internal requirements that drive implementation, including billing systems changes and methods and procedures. Regular core team meetings were held to review requirements to assess obligations were being satisfied as well as to address any open operational issues that developed.

Internal documentation created by the core team in 2000 was used to develop Methods and Procedures to implement the new USA Lifeline plan in Delaware. New Methods and Procedures were incorporated with those already in place. Incorporation of methods and procedures for the new USA Lifeline plan provided service representatives and field personnel with the information and support needed so they could offer USA Lifeline as an option to qualifying prospective customers.

**Methods and Procedures Table**

Condition	Paragraph	Procedure	Date Completed
18	50	Methods and procedures for Delaware USA Lifeline plan	12/12/00

### 3.3 Training

In addition to the development of methods and procedures to implement the USA Lifeline plan, corresponding training plans were also developed to train service representatives and field personnel. Personnel involved in providing the previous Delaware Lifeline plan were trained on the USA Lifeline Plan.

**Training Table**

Condition	Target Audience	Training Content	Date Completed
18	Consumer Sales and Service and Collection representatives	Implement new USA Lifeline Plan for Delaware	All complete as of effective date of 12/12/00 and on-going

### 3.4 Internal Controls

In addition to the corporate internal control environment described in the Introduction section of this Report, the following additional controls and tools assess compliance with this Condition;

- educated Responsible Executive and appropriate staff on the requirements;
- existing internal controls which surround the tariff filing and implementation process; and
- existing internal controls, which provide that customer service representatives have current procedures, receive training on tariff changes, and are monitored.

### 3.5 Documentation

Condition	Paragraph	Description of Document
18	50	Letter to State Commission offering Enhanced Lifeline Plan – Alabama, California, Connecticut, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, Missouri, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Virginia, Washington, Washington D.C, West Virginia and Wisconsin
18	50	Letter to Secretary of FCC to document that letters offering to implement enhanced lifeline were sent to state commissions
18	50	Verizon Delaware's filing of the revised tariff implementing the Universal Service Assistance (USA) Lifeline Service
18	50.i	<p>Delaware training, M&amp;Ps, expense of customer notification Documentation of DE Implementation</p> <ul style="list-style-type: none"> <li>• Copies of tariff provisions implementing the Enhanced Lifeline Plan in Delaware</li> <li>• Copies of revised internal practices, procedures and instructions documenting handling of past due accounts and deposit requirements under the Enhanced Lifeline Plan</li> <li>• Copy(ies) of "self-certification" form and related internal practices and procedures</li> <li>• Written correspondence and other documentation describing negotiations with state agencies, and copies of internal practices and procedures for on-line verification</li> <li>• Copies of bill messages, bill inserts, print media, brochures, etc., depending on the types of publicity selected, and associated invoices</li> <li>• Written correspondence and other documentation describing establishment, testing and notice of availability of toll-free voice and FAX numbers and Interactive Voice Response Unit menu option for Lifeline inquiries</li> <li>• Customer billing system reports showing number of customers converted from existing Lifeline Plan to Enhanced Lifeline Plan, and date of conversion. Sampling of customer bills converted to Enhanced Lifeline Plan</li> </ul>

### Section 4: Additional Action Taken

As a result of test calls conducted by PricewaterhouseCoopers, LLP during early 2001, in which customer service representatives were asked about the availability and features of the Delaware USA Lifeline Plan, additional focused training was provided, and Verizon conducted additional test calls to reasonably confirm the effectiveness of the additional training.



In addition, service monitoring processes for the sales and service center and the collection center were revised to include supplemental management review of Delaware USA Lifeline plan service observations, to provide reasonable assurance that on an ongoing basis Verizon customer service representatives accurately respond to customer inquiries regarding availability and features of the Delaware USA Lifeline Plan.



**Condition Number: 19****Condition Name: Additional Service Quality Reporting****Section 1: Summary**

Condition 19 required Verizon to begin providing additional service quality reporting in three areas: (1) NARUC "White Paper" Service Quality reports on a quarterly basis; (2) Table 1 of ARMIS Report No. 43-05 on a quarterly basis; and (3) certain service levels associated with special access service provided to Genuity and other companies on a monthly basis.

Regarding the NARUC "White Paper" reports, Verizon was required to file reports with the Reporting Management Staff of the FCC, beginning no later than 180 days after the Merger Closing Date, on a quarterly basis. Reporting includes retail service quality as described in the NARUC Technology Policy Subgroup "Service Quality White Paper" adopted November 11, 1998. Regarding the ARMIS 43-05, Table 1 reports, Verizon was required to report service quality data separately for each one of its operating companies. Both of these reports are to be included on a Verizon website or made available through another means to state commissions in the former Bell Atlantic and former GTE States.

In addition, Verizon was required to report monthly, on a proprietary basis, certain service quality data, most of which are described in the existing Table 1 of ARMIS Report No. 43-05, to show the service levels it provides to Genuity as compared to other companies purchasing Verizon high speed special access and regular special access services. This proprietary company-specific service quality reporting was to begin 60 days after Merger Closing.

Commitments for this Condition required in 2000 were met as specified below.

**Section 2: Responsible Executive**

Name	Title
Arnold Eckelman	Group President – Consumer Operations

**Section 3: Implementation of Condition****3.1 Compliance**

In compliance with paragraph 51 of the Merger Order, Verizon filed with the Reporting Management staff of the FCC for the public record the first quarterly NARUC retail service quality report on December 27, 2000. These reports were provided to each of the relevant state commissions in the former Bell Atlantic and former GTE States on or before December 27, 2000, via access to a Verizon website, except for the notification

to the Alabama PSC. Due to an administrative error, notice of the availability of these reports on the website was not provided to the Alabama PSC until January 17, 2001.

In compliance with paragraph 52 of the Merger Order, Verizon provided directly to the relevant state commissions quarterly local service quality data from Table 1, ARMIS Report 43-05. The first report was issued on November 15, 2000. Effective January 15, 2001, those same reports became available on a Verizon website.

In compliance with paragraph 53 of the Merger Order, on July 31, 2000, Verizon proposed business rules to the Common Carrier Bureau (Bureau) for reporting service levels Verizon provides to Genuity as compared to other companies. On September 19, 2000, the Bureau approved four of the five proposed business rules and noted that the Company would propose revisions to one of the proposed rules by September 29, 2000. On September 29, 2000, the Company proposed a revised business rule to the Bureau for the remaining service quality measure. On January 26, 2001, Verizon resubmitted its September 29, 2000, proposal, providing an additional clarification as requested by the Bureau. On February 12, 2001, Verizon provided additional clarification in response to an additional Bureau request. On or before October 16, 2000, the Bureau posted the approved (and proposed) business rules on its Bureau website, making them publicly available by that means. Verizon will make the final approved business rules publicly available (in addition to the Bureau's public posting) after the Bureau approves the fifth business rule.

Verizon reported monthly to the FCC and Mitchell & Titus, LLP, the independent auditor engaged to perform the Genuity Merger Compliance audit, all of the service quality data required pursuant to paragraph 53 of the Merger Order showing the service level provided to Genuity compared to other companies for special access and high capacity services. Reports were provided on August 29, 2000; September 27, 2000; October 26, 2000; November 29, 2000; and December 29, 2000. Each of these reports reflected the five proposed business rules, four of which were approved by the Bureau on September 19, 2000. Verizon has also made these reports available to PricewaterhouseCoopers, LLP, the independent auditor engaged to perform the Merger Compliance Audit.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
19	53	Proposed applicable performance measure business rules to the Chief of the Common Carrier Bureau for service levels provided to Genuity and other companies purchasing Verizon high-speed special access and regular special access services.	07/31/00	07/31/00
19	53	FCC approval obtained for four of five separate measurements to demonstrate service quality for services provided to Genuity by the former BA/GTE ILECs.	Not specified	09/19/00

Condition	Paragraph	Milestone	Due Date	Date Completed
19	53	At the request of the Bureau, submitted revised business rule for fifth service quality measurement to Chief of the Common Carrier Bureau.	Not specified	09/29/00
19	53	Reported monthly to FCC and independent auditor the five separate measurements to demonstrate service levels for certain services provided to Genuity and other carriers by the former BA/GTE ILECs.	08/31/00 09/30/00 10/31/00 11/30/00 12/31/00 1/31/01	08/29/00 09/27/00 10/26/00 11/29/00 12/29/00 1/19/01
19	51	Filed first state-by-state retail service quality report using NARUC "White Paper" specifications, quarterly thereafter. Posted on web or made available to state commissions.	12/27/00 2/19/01	12/27/00 2/19/01
19	52	Filed on a quarterly basis operating company local service quality reports, Table 1 of ARMIS Report No. 43-05. Posted on web or made available to state commissions.	Quarterly	11/13/00 2/14/01

### 3.2 Methods and Procedures

The methods and procedures used to produce the additional service quality reports are the business rules and data specifications applicable to each of these reports.

**Methods and Procedures Table**

Condition	Paragraph	Procedure	Date Completed
19	51	NARUC Technology Policy Subgroups "Service Quality" White Paper adopted by NARUC on November 11, 1998	12/27/00
19	52 and 53	ARMIS Report No. 43-05 reporting specifications, as originally adopted in 1991 by the FCC and subsequently modified in more recent orders regarding ARMIS 43-05	Various
19	53	Business rules approved by the Chief of the Common Carrier Bureau on September 19, 2000	9/19/00

### 3.3 Training

Members of the Verizon Regulatory Compliance organization held discussions and meetings with the Responsible Executive and Compliance Managers responsible for fulfilling the requirements of Condition 19, to provide an understanding of the requirements for additional service quality reporting contained in this Condition.

Much of the individual or specific training needed for the underlying work efforts to satisfy compliance had already been satisfied prior to merger close based upon the prior experience and knowledge of the personnel responsible for the service quality reporting functions. Because paragraph 52 requires reporting of the ARMIS Report No.

43-05, Table 1 on a quarterly basis, rather than annually as previously required by the FCC under normal ARMIS reporting requirements, for the same operating company aggregations as provided prior to merger close, and using the same ARMIS terms and data definitions for each line in ARMIS reports already defined by the FCC, no substantive additional training was required for this requirement.

Similarly, because the ¶51 (NARUC "White Paper") and ¶53 (Genuity Service Level) reports are similar to existing service quality data definitions, limited additional training was required in these areas.

### 3.4 Internal Controls

In addition to the corporate internal control environment described in the Introduction section of this Report, the following additional controls and tools have been implemented to assess compliance with this Condition.

- The Responsible Executive and appropriate staff members have been educated on the requirements.
- Regularly scheduled calls/meetings held to obtain status, identify and address any issues.
- The existing internal controls that surround Service Quality Reporting apply to this Condition.

### 3.5 Documentation

Condition	Paragraph	Description of Document
19	53	Verizon's proposed business rules for Genuity Service Levels reports
19	53	Bureau approval of four of five proposed business rules for Genuity Service Levels reports
19	53	Verizon revised proposal for fifth of five business rules for Genuity Service Levels reports in response to requests for revisions from the Common Carrier Bureau
19	53	Report on Service Levels provided to Genuity and other companies (July 2000 data)
19	53	Report on Service Levels provided to Genuity and other companies (August 2000 data)
19	53	Report on Service Levels provided to Genuity and other companies (September 2000 data)
19	53	Report on Service Levels provided to Genuity and other companies (October 2000 data)
19	53	Report on Service Levels provided to Genuity and other companies (November 2000 data)
19	53	Report on Service Levels provided to Genuity and other companies (December 2000 data)
19	52	Third and fourth quarter 2000 ARMIS Report No. 43-05, Tables provided to the FCC and each of the state commissions in the former Bell Atlantic/GTE States

Condition	Paragraph	Description of Document
19	51	Third and fourth quarter 2000 NARUC "White Paper" reports provided to the FCC and made available to state commissions on a Verizon Internet website

#### **Section 4: Additional Action Taken**

None